



DOCUMENTATION REQUIREMENTS

An insured depository institution has failed. The institution's deposit account records have disclosed that your firm may be acting as an agent or custodian for other parties. In order to provide "pass-through" coverage to these parties, the FDIC must obtain certain information and documentation from your firm. Specifically, the FDIC must obtain the following: (1) evidence that your firm is not an owner but an agent or custodian with respect to some or all of the funds at issue; (2) a list of all parties for whom your firm acted as agent or custodian; and (3) the principal amount of funds held by your firm for each such party as of the date of the depository institution's failure. Your firm should submit this information by completing the [Affidavit of Agency Account](#) form.

To the extent that any of your customers held funds in a special ownership capacity, you also must submit evidence of this capacity. Please refer to the [Table of Contents, Section V, Affidavits and Declarations](#) for the required forms.

Finally, to the extent that any of your customers were not the actual owners of funds but merely agents or custodians for other parties, you must obtain information from your customers about *their* customers (*i.e.*, the actual owners). This request for information from you and your customers should not be construed as a finding by the FDIC that you and/or your customers have satisfied the FDIC's disclosure requirements.

We recognize that the insurance of a brokered deposit can be somewhat complicated. For this reason, as an example, we have prepared the following case involving "Apple Brokerage." Please refer to [Exhibit 1](#) located at the end of this section, which represents a brokered deposit account ownership "tree." The tree reflects that Apple Brokerage deposited \$5,000,000 with a failed insured depository institution. The FDIC notifies Apple Brokerage that the institution has failed and they have funds on deposit for which they are acting in an agency capacity. The failed institution's records do not reflect the level of ownership represented in the tree. Thus, sub-tier notification must originate with the first-tier broker. The first order of business for Apple Brokerage is to notify the sub-tier brokers of the closing, to cease all trading activity on the account and restore the account relationships to those in effect on the closing date. In our example, Apple Brokerage would notify Banana Brokerage and the four investors of the closing and request specific documentation from them to prove ownership of their funds. Banana Brokerage would in turn notify Coconut Brokers, Inc., Kiwi Brokers and the investor. Coconut Brokers would have to notify the Newport Family Trust and Mango Financial who in turn would notify its customers – the nine investors. Kiwi Brokers would notify its investor and Fourth National Bank who would notify its customers – the four investors.

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DOCUMENTATION REQUIREMENTS (Continued)

During the notification process, all parties with an ownership interest in a deposit should be informed of the documentation required by the FDIC to prove ownership of the deposit. All ownership information must be forwarded up through the tree and eventually provided to Apple Brokerage for submission to the FDIC. The FDIC will not accept documentation directly from a sub-tier broker because our records do not show them as owners of the funds. All information in this ownership tree must flow through Apple Brokerage to the FDIC.

Since the documentation must flow from the last tier up to the first tier, this discussion of the required documentation will begin with the fourth tier brokers. Please refer again to the ownership tree. Italics identify references made to specific forms that can be found in [*Section V of this Processing Guide*](#).

MANGO FINANCIAL is required to submit an [Affidavit of Agency Account](#) along with its Attachment A. The Attachment A would reflect: the owners' names of the single ownership accounts; the owners of the joint ownership accounts; the owners of the IRAs; Rhino Delivery, Inc.; and the grantor/trustee and the named beneficiaries of the testamentary account. No forms are required for the single ownership accounts or the corporation account. A [Declaration for IRA/Keogh Deposit](#) form is required for the IRA accounts. A [Declaration for Joint Ownership Deposit](#) form is required for the joint deposit accounts. The owner of the testamentary account must complete the [Declaration for Testamentary Deposit \(Multiple Trustees\)](#). Mango should then forward this documentation to Coconut Brokers.

FOURTH NATIONAL BANK is required to submit an [Affidavit of Agency Account](#) along with its Attachment A. No forms are required for the single ownership account or the business account. A [Declaration for Joint Ownership Deposit](#) form must be completed on the joint deposit account. The owner of the testamentary account must complete the [Declaration for Testamentary Deposit \(Single Trustee\)](#). Fourth National would then forward their documentation to Kiwi Brokers.

COCONUT BROKERS is required to submit an [Affidavit of Agency Account](#) along with its Attachment A. The Attachment A would reflect: Mango Financial as Agent and the Newport Family Trust. The trustee for the Newport Family Trust must execute the [Declaration for Trust](#) and provide a complete copy of the trust document. Coconut Brokers would forward its [Affidavit of Agency Account](#), the Newport Family Trust documentation and the information submitted by Mango Financial to Banana Brokerage.

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DOCUMENTATION REQUIREMENTS (Continued)

KIWI BROKERS is required to submit an [Affidavit of Agency Account](#) along with its Attachment A. The Attachment A would reflect: Fourth National Bank as Agent and the name of the owner of the single ownership account. No form is required for the single ownership account. Kiwi Brokers would forward its [Affidavit of Agency Account](#) and the documentation submitted by Fourth National Bank to Banana Brokerage.

BANANA BROKERAGE is required to submit an [Affidavit of Agency Account](#) along with its Attachment A. The Attachment A would reflect: Coconut Brokers As Agent; Kiwi Brokers as Agent and the owners of the joint account. A [Declaration for Joint Ownership Deposit](#) form must be completed for the joint deposit account. Banana Brokerage would forward its [Affidavit of Agency Account](#), joint account documentation and the documentation submitted by both Coconut Brokers and Kiwi Brokers to Apple Brokerage.

APPLE BROKERAGE is required to submit an [Affidavit of Agency Account](#) along with its Attachment A. The Attachment A would reflect: Banana Brokerage as Agent; Tiger Corporation, Inc. Defined Benefit Plan; City of Duvet; the grantor/trustee and the named beneficiaries of the testamentary account; and the single ownership account. The trustee for Tiger Corporation's defined benefit plan must complete the [Declaration for Plan and Trust](#) and have an actuary complete the [Declaration for Defined Benefit Plan](#). These declarations also require certain documentation to be submitted. Please refer to the specific declaration. The official custodian for the City of Duvet must complete the [Declaration for Public Unit Deposit](#) and attach the supporting documentation. The owner of the testamentary account must complete the [Declaration for Testamentary Deposit \(Single Trustee\)](#). Apple Broker would then forward its [Affidavit of Agency Account](#) along with the documentation submitted by Banana Brokerage; Tiger Corporation; City of Duvet and the grantor/trustee of the testamentary account to the FDIC.

In addition to the requirements outlined above, **each** broker must attach a copy of its standard form of agency agreement. Also need is the account setup sheet on **all** deposits \$100,000 or greater in the aggregate. If the broker does not use a standard form of agency agreement, then a copy of each customer agreement or other written documentation of the agency relationship must be submitted. This requirement is referenced in the [Affidavit of Agency Account](#) form. Additional documentation may be required after we process your data.

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DOCUMENTATION REQUIREMENTS (Continued)

The last item the FDIC requires to be submitted is a diskette loaded with the individual investor/owner information. The Deposit Broker Processing Guide which will include an explanation of the data layout, file format and required field indicators is available through [Section VI of the Table of Contents](#). The first-tier broker is responsible for submitting a diskette(s)/compact disc(s) and ensuring that the balances of the deposits in its ownership tree and the balances reflected on the diskette(s)/compact disc(s) are equal. If the balances are not equal, the diskette(s)/compact disc(s) will be rejected. Also, the principal amount/book value of the data submitted must balance to the closed institution's records. Otherwise, the data will be deemed invalid and will require correction before it can be processed. Each broker may load owner/investor information on a diskette(s)/compact disc(s) and forward it along to where it eventually reaches the first-tier broker. Then, it will be the first-tier broker's responsibility to either consolidate the data onto one diskette/compact disc (or more if necessary for large files) or submit the individually loaded diskette(s)/compact disc(s). The FDIC prefers that the information be consolidated and only one diskette/compact disc submitted. Please remember to note your firm's name and broker number, if applicable, on the diskette(s)/compact disc(s).

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Deposit Broker Ownership Tree

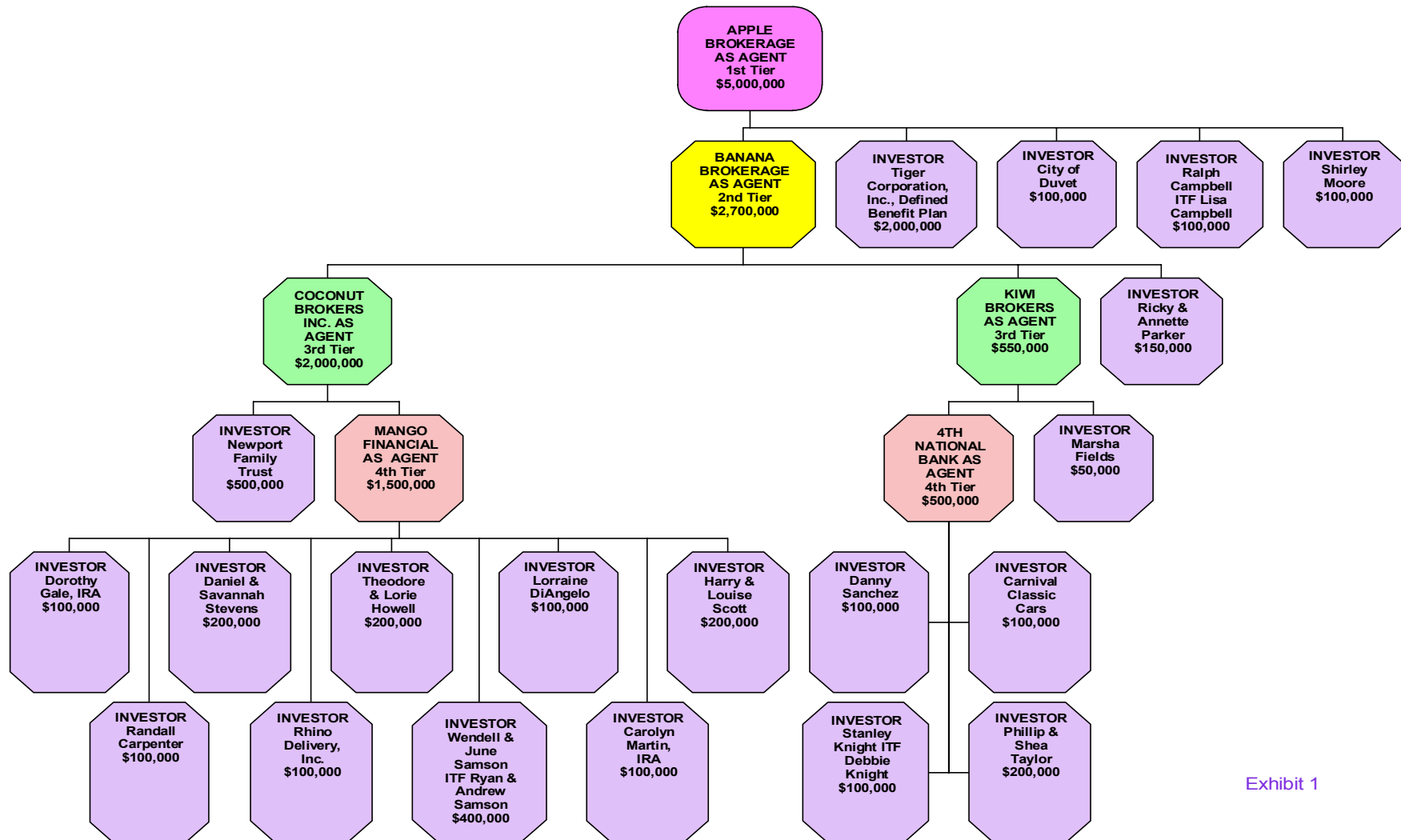


Exhibit 1